

Message Text

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71

ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

AGRE-00 /099 W

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FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 7734

INFO AMEMBASSY LONDON

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E.O. 11652: N/A

TAGS: ETRD, EAGR, MX

SUBJ: REASONS FOR MEXICO'S JOINING NEW COCOA AGREEMENT

REF: (A) MEXICO 12389, (B) STATE A-7228 (1975)

1. MARCO A. SOLIS, DIRECTOR GENERAL OF NATIONAL COCOA COMMISSION, TOLD ECONOFF TODAY THAT MEXICO WOULD PUT OFF FORMALLY JOINING THE NEW COCOA AGREEMENT AS LONG AS POSSIBLE, FOR AT LEAST ANOTHER MONTH OR SO. ENOUGH COUNTRIES HAD ALREADY JOINED SO THAT THE AGREEMENT WOULD ENTER INTO FORCE AS SCHEDULED ON OCTOBER 1, 1976 AND MEXICO WOULD TAKS AS MUCH TIME AS POSSIBLE BEFORE RATIFYING IT.

2. SOLIS STATED THAT THE CURRENT HIGH WORLD PRICE FOR COCOA PUT THE BUFFER STOCK PROVISION OF THE AGREEMENT OUT OF DATE. ALSO, OF COURSE MEXICO'S MARKETING OF COCOA WOULD BE GREATLY HELPED BY THE SEPT 1 DEVALUATION OF THE PESO (FROM 12.49 TO THE DOLLAR TO 19.70) DESPITE THE EXPORT TAX OF 20 PERCENT WHICH HAS BEEN IMPOSED. HE STATED THAT MEXICO'S

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MAIN REASON FOR JOINING THE COCOA AGREEMENT WAS THAT

AS A MEMBER HE HAD ACCESS TO MARKETING INFORMATION FROM
OTHER COCOA SUPPLIERS THAT WOULD OTHERWISE BE DIFFICULT
TO GET.

3. SOLIS'S STATEMENT DOES NOT SEEM TO FIT THE LAST
PARAGRAPH OF REFERENCED AIRGRAM, WHICH SAYS THAT COUNTRIES
HAD TO SIGN THE AGREEMENT BY AUGUST 31. HOWEVER, IT IS
POSSIBLE THAT SOLIS WANTS TO PUT OFF JOINING THE NEW
AGREEMENT TO AVOID PAYING THE ONE CENT PER POUND TAX ON
OUTPUT AS LONG AS POSSIBLE.
JOVA

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Message Attributes

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Disposition History: n/a
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